



# Annual NEM Cash Out Proposed Revisions

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Community Advisory Committee Meeting

March 14th, 2024

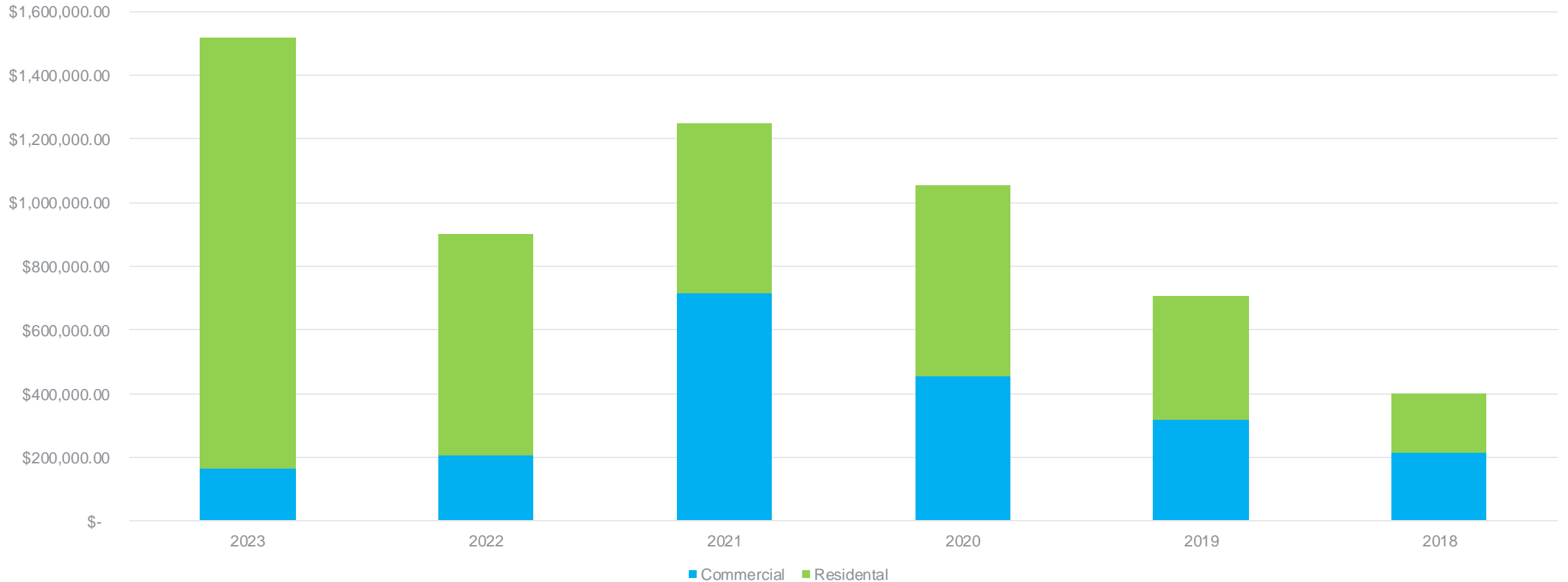
# Background

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- Net Energy Metering customers (1.0 & 2.0) are cashed out once per year after their April billing cycle, having earned credits monthly at the retail rate.
  - Applicable to NEM 1 and NEM 2 customers.
  - \$100 or more is issued as a check.
  - \$100 or less is retained in customer's credit escrow.
  - Cash out cap is \$20,000.

# Fiscal History

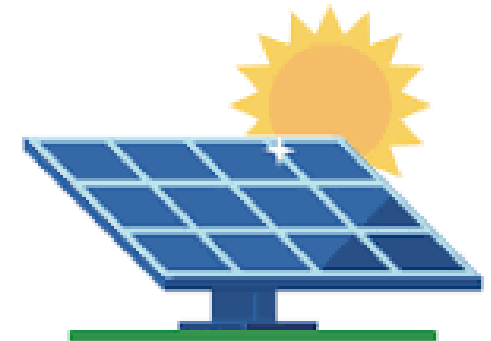
## NEM Annual Cash Outs



# Considerations and Challenges

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- 2% of checks have never been deposited.
- It costs \$25 to reissue an expired check.
- On average 3-8 customers exceed the \$20,000 cap each year.
  - Large commercial, school district, and municipal accounts.
  - Repeat customers
- All other CCAs have caps of \$10,000 or less.
  - Net Surplus Compensation (NSC) is the dominant program.
  - RCE is only other CCA that still credits at retail, \$5,000 cap.



# Proposed Revisions

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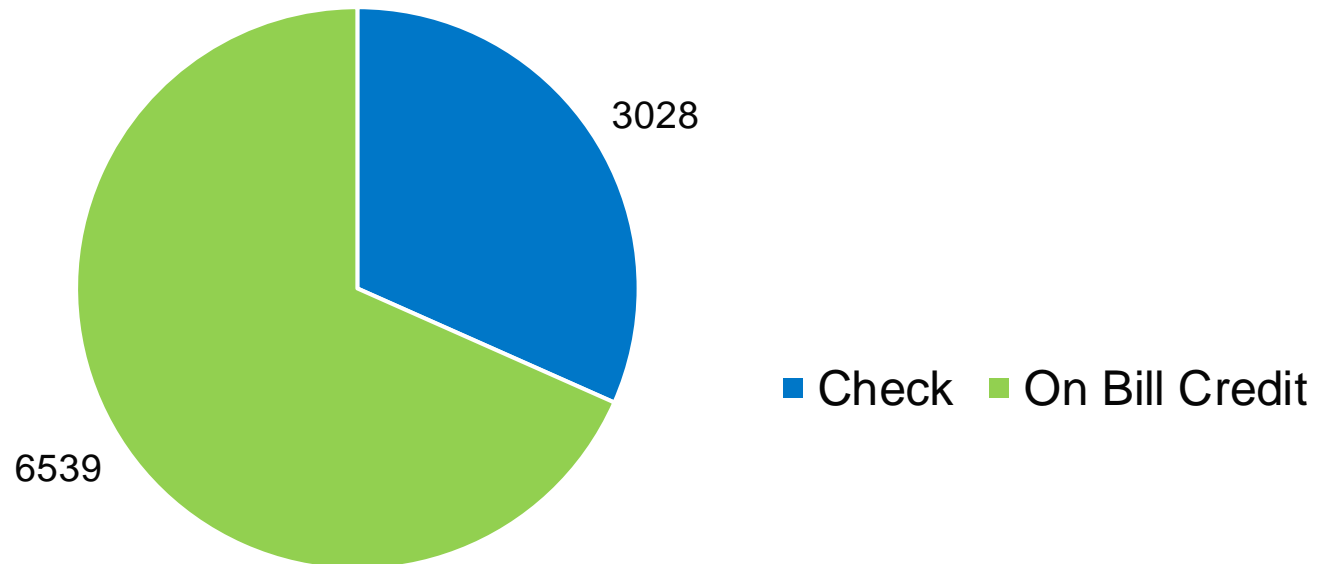
- NEM escrow balance of \$300 or more receives a check, beginning with the 2024 annual cash out.
  - Reduction of checks by more than 50% each year.
- NEM escrow balance under \$300 will be issued as an on-bill credit.
  - Per Executive Committee feedback, Staff will also evaluate \$500 threshold
- Lower the cap to \$10,000, starting in April 2025.
  - Staff will analyze the impact in 2025 and may recommend lowering it to \$5,000 in 2026.

# Effect on Customers

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- About 6,539 customers would be affected for 2024.
  - 2,702 receive a bill credit instead of a rollover credit. (\$0.01 to \$99)
  - 3,837 receive a bill credit instead of a check. (\$100 to \$299)
    - About \$725,000 applied as a bill credit rather than a check.

**Cash Out Credit Type Differential**

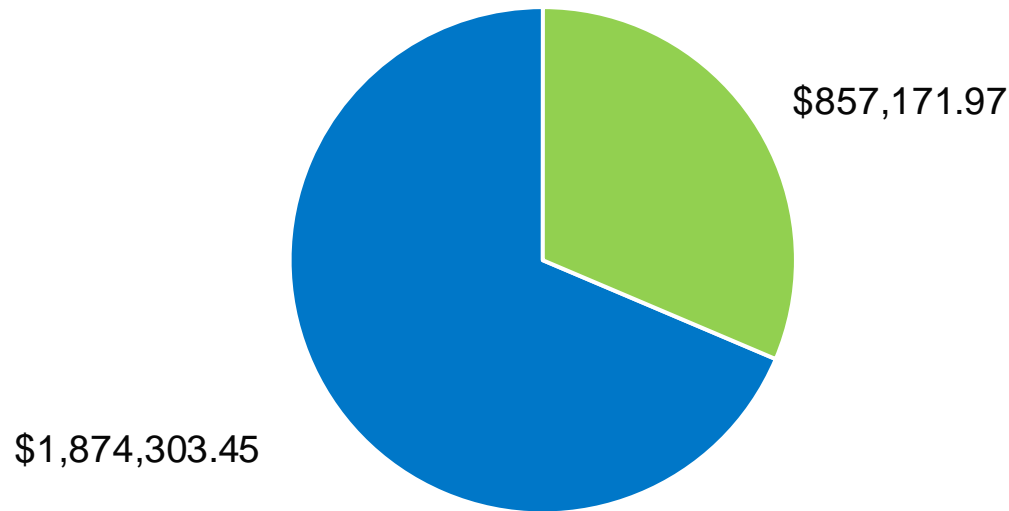


# Effect on Customers (continued)

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- If the \$10,000 cap was put into effect in 2024:
  - 1 additional customer affected, bringing the total to 5.
  - An additional \$42,000 would be forfeited.

**2024 Annual Cash Out Amounts**



■ Check ■ On Bill Credit

# Customer Notification

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- These updates will be implemented with appropriate communication to all our solar customers.
  - Email
  - Letter mailed to customers without an email address.
  - Direct outreach to customers affected by the lower cap.

